



2024-2025

Procurement Procedure

Procurement Procedure 2024-2025



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1. PROCUREMENT PRACTICES

To be read in conjunction with the McKinlay Shire Procurement Policy.

As a guide, only the following processes would generally apply but may be varied according to each specific situation or project:

1.1 PURCHASES \$5,000 AND UNDER (GST Exclusive)

Purchases must be made by placing an authorised purchase order with the supplier. Purchases must be undertaken by:

- Obtaining at least 1 quotation (sole supplier situations accepted). A verbal quotation may be sufficient, however, written quotations are desirable and an email from the supplier is acceptable.

1.2 SMALL PURCHASES WORTH \$5,000.01 OR MORE, BUT LESS THAN \$15,000 (GST Exclusive)

Purchases must be made by placing an authorised purchase order with the supplier. Purchases must be undertaken by:

- Obtaining at least 2 quotations (sole supplier situations accepted). Verbal quotations may be sufficient.

However, if Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the sound contracting principles identified in *section 104 of the Act*.

1.3 MEDIUM PURCHASES WORTH \$15,000 OR MORE, BUT LESS THAN \$200,000 (GST Exclusive)

A medium-sized contractual arrangement is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000 in a financial year, or over the proposed term of the contractual arrangement.

Council cannot enter into a medium-sized contractual arrangement unless Council first invites written quotes for the contract.

NOTE: Quotation Templates can be accessed on Infoexpert/Userworkspace/Staff Documentation/Staff Procurement.

The invitation must be to at least 3 persons who Council considers can meet Council's requirements, at competitive prices. Council may decide not to accept any of the quotes it receives.

An authorised purchase order is to be submitted to the successful supplier.

However, if Council does decide to accept a quote, Council must accept the quote most advantageous to it having regard to the sound contracting principles identified in *section 104 of the Act*.

1.4 LARGE PURCHASES WORTH \$200,000 OR MORE (GST Exclusive)

A large-sized contractual arrangement is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year, or over the proposed term of the contractual arrangement.

Example – A contractual arrangement for the supply of a service over a 5 year period that is expected to be worth, exclusive of GST, \$80,000 each year has a total expected value of \$400,000.

Council cannot enter into a large-sized contractual arrangement unless Council first invites written tenders for the contract under section 228 of the Regulation.

This requirement is subject to the exceptions identified in paragraph 9.

Council must either invite written tenders under *section 228(4) of the Regulation* or invite expressions of interest under *section 228(5) of the Regulation* before considering whether to invite written tenders under *section 228(7)(b) of the Regulation*.

However, Council may invite expressions of interest under subsection (5) of the Regulation only if the local government— (a) decides, by resolution, that it would be in the public interest to invite expressions of interest before inviting written tenders; and (b) records its reasons for making the resolution in the minutes of the meeting at which the resolution was made.

The invitation for expressions of interest must:-

- (a) be published on the local government's website for at least 21 days; and
- (b) allow written expressions of interest to be given to the local government while the invitation is published on the website.

The invitation for tenders must:-

- (a) be published on the local government's website for at least 21 days; and
- (b) allow written tenders to be given to the local government while the invitation is published on the website.

Also, Council must take all reasonable steps to publish the invitation for tenders or invitation for expressions of interest in another way to notify the public about the tender process. Examples include publishing an invitation in an industry publication or on the QTENDERS website. McKinlay Shire Council's preferred platform is **Vendor Panel**.

Council must comply with the requirements in *section 228(8) of the Regulation* if it wants to invite tenderers to change their tenders to take account of a change in the tender specifications.

2. EXCEPTIONS

Chapter 6, part 3, division 3 of the Regulation identifies exceptions for medium and large-sized contracts. If one of the exceptions applies and that exception is approved by the CEO, Council may enter into:-

- (a) a medium-sized contract without first inviting written quotes; or
- (b) a large-sized contract without first inviting written tenders

for the supply of goods and services.

The Default Contracting Procedures exceptions are:-

- (a) the preparation of a **quote or tender consideration plan** in accordance with the requirements of *section 230 of the Regulation*; and
- (b) entering into a contract if the contract is made with a person who is on an **approved contractor list** established by Council in accordance with the requirements of *section 231 of the Regulation*; and
- (c) entering into a contract if the contract is entered into with a supplier from a **register of pre-qualified suppliers** established by Council in accordance with the requirements of *section 232 of the Regulation*; and
- (d) entering into a contract for goods or services if the contract is entered into with a preferred supplier under a **preferred supplier arrangement** that is made in accordance with the requirements of *section 233 of the Regulation*; and
- (e) entering into a contract under an **LGA arrangement** established in accordance with the requirements of *section 234 of the Regulation*; and
- (f) entering into a medium-sized contract or a large-sized contract in accordance with the requirements of *section 235 of the Regulation* if:-
 - (i) Council resolves that it is satisfied that there is only one supplier who is reasonably available; or
 - (ii) Council resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for Council to invite quotes or tenders; or
 - (iii) a genuine emergency exists; or
 - (iv) the contract is for the purchase of goods and is made by auction; or
 - (v) the contract is for the purchase of second-hand goods; or
 - (vi) the contract is made with, or under an arrangement with, a government agency.

3. PROCUREMENT DELEGATIONS

3.1 Entering into a contract under a delegation

Council delegates the Chief Executive Officer as the authority to incur financial expenditure on behalf of Council under the following provisions:-

- Where expenditure has been provided for in Council's Annual Budget in accordance with the requirements of *section 238 (2) of the Regulation*.
- The expenditure action has been taken because of genuine emergency or hardship.

Other officers may only incur expenditure on behalf of the Council if-

- The officer has been granted a financial delegation within their specific area of responsibility by the Chief Executive Officer and such delegation is recorded in the Register of Delegations and within this procedure document.
- Any officer incurring expenditure may only do so in accordance with any constraints imposed by the Council or the Chief Executive Officer in respect to a financial delegation.
- The Chief Executive Officer may at their discretion re-delegate responsibilities and record such re-delegation in the Register of Delegations.

3.2 Procurement Delegations for Requisition and Receiving Goods

Only the Council officers listed in the Procurement Delegations Register are entitled to purchase on behalf of Council and to sign approval of requisitions, and then only in accordance with their financial delegation limits. By signing a requisition and signing for receiving of goods, all officers are confirming that they have taken full notice this procedure document and will comply with all of the requirements of the Procurement Policy.

The table below “Procurement Delegations Register” represents the financial delegation as included in the register of delegations; Chief Executive Officer to Employee.

3.3 Procurement Financial Delegations Register (GST Exclusive)

<u>Positions</u>	\$	\$500	\$1,000	\$2,500	\$5,000	\$15,000	\$30,000	\$50,000	\$75,000	\$100,000	\$150,000	\$200,000
Chief Executive Officer	X	X	X	X	X	X	X	X	X	X	X	X
Directors	X	X	X	X	X	X	X	X	X	X		
Works Manager	X	X	X	X	X	X	X	X				
Team Leaders	X	X	X	X	X	X						
Stores Officer	X	X	X	X	X	X						
Workshop Supervisor	X	X	X	X	X	X						
Works Foreman	X	X	X	X	X	X						
Tourism Coordinator	X	X	X									
Work, Health & Safety Advisor	X	X	X									
Executive Assistant	X	X	X									
HR & Payroll Officer	X	X	X									
Parks & Gardens Supervisor	X	X	X									
Asset Maintenance Officer	X	X	X									
Water & Waste Water Operator	X	X	X									
Shire Ranger	X	X	X									
Local Laws Officer	X	X										
Sport & Recreation Officers	X	X										

Early Learning Centre Director	X	X												
CHSP Coordinator	X	X												
All Other Staff	X													

4. NON PURCHASE ORDER PURCHASES

In circumstances the Chief Executive Officer or the Director of that particular department, a non purchase order payment transactions may be effected on behalf of Council.

The use of non purchase order payments should at all times be minimised to ensure that Council’s information requirements for effective financial management are met.

Purchases and creditor types that do not require a purchase order as approved by the Chief Executive Officer:

List of Purchase / Creditors Types that do not require a Purchase Order	
Petty Cash	Subscriptions / Memberships
Fuel Cards	CHSP & Aged Housing Units Lawn Mowing Accounts
Electricity Accounts	CHSP Weekly Luncheons
Telecommunications and Data Accounts	Meals on Wheels Accounts
Gas Accounts	Police Checks
Debt Collection Agencies	Pest Animal Bounty
Sanitary Service	Councillor Remuneration & Reimbursements
Staff Reimbursements	Photocopier Meter Reading Accounts
Employment Contracts & Consultant Fees	Fourier IT Support Monthly Service Account
Greyhound Freight	Food Accounts (not exceeding \$150 per purchase)
Followmont	Donations / Sponsorships / MOU Agreements as approved by Council / Council Grants & Funding
Toll Priority	Stationary Accounts (not exceeding \$250 per item)
Tax Obligations	Hardware Accounts (not exceeding \$150 per invoice)
Pre-employment Medicals	Marwill (not exceeding \$150 per invoice)
Dept of Environment & Resources	Postage Accounts
Insurance	McKinlay Town Fuel Account
Dept of Transport & Main Roads	Audit Fees
CHUBB – monthly testing/inspections	General Legal Services
Employee Rewards & Recognition Program	Council renting properties/houses (contract required)
Grazing Platters – Artesian Baths	Council Housing Lawn Mowing Accounts
Temporary Labour for Council positions – contract required	And where it is not cost effective to produce a purchase order for goods or services up to a value of \$250.00

For non purchase order payments, one signature is required on the Tax Invoice before payment can be processed and then only in accordance with their financial delegation limits.

5. DELEGATED PURCHASE ORDER AUTHORISED OFFICERS

Only the Council officers listed in the Delegated Purchase Order Authorised Officers Register can enter a requisition into the Council accounting system and signing the order “Authorised” for purchase only if the purchase complies with the Procurement Policy.

Purchase Order Authorised Officers

Stores Officer
Creditors Officer

Administration Officer (Reception)
Depot Administration Officer
Rates & Debtors Officer

Corporate Services Team Leader
Environment & Regulatory Services Team
Leader
Director of Corporate and Community Services
Records Management Officer

6. PURCHASE PROCEDURE

- Complete a Requisition Form with required source documents (quotes, tender information etc.)
- **IMPORTANT:** Complete a Creditor Details Form if it is a new supplier or if invoice is provided, send to creditors to set up.
- Issue Requisition Form to the nominated Purchase Order Processing Officer (refer Section 2 of this handbook)
- Purchase Order Processing Officer to assess Requisition Form for compliance with the Procurement Policy. **If it does not comply the requisition will not be processed.**
- The Requisition Form is entered into the Practical Plus Computer System to generate an Official Purchase Order. The Requisition will be attached to the Purchase Order Duplicate copy
- The Purchase Order Processing Officer is responsible for the distribution of the Purchase Order to the Supplier unless otherwise specified by the Requisitioning Officer
NOTE: If you require additional goods/services and the PO is already raised, a NEW PO is required.
- Goods and Services can then be provided to Council
- Once the Goods and Services have been provided, a Tax Invoice will be issued to Council from the Supplier for payment of the Goods and Services
- The Creditors Officer will match the Tax Invoice to the Purchase Order Duplicate copy
- The Creditors Officer will issue to the Requisitioning Officer the Purchase Order Duplicate copy with the Tax invoice attached
- The requisitioning officer will verify **only when the goods or services have been received** and that the Tax Invoice matches the Purchase Order by signing "Received in Good Order and Condition"
IMPORTANT: Please follow these instructions should a Tax Invoices exceed the value/quantities stipulated on the Purchase Order (PO):
 - If the tax invoice has a greater value or quantity than originally ordered, the Creditors Officer will stamp the invoice and the invoice is to be signed "Received" instead of the PO. If the exceeded quantity or value is considered non compliant to the original PO, the invoice is to be checked and authorised/co-signed by your supervisor (generally if the value is exceeded by \$1,000 or any additional items/quantities). **NOTE: the PO is not to be amended.**
 - If the Tax Invoice attached is for only part of the PO (i.e. parts on backorder etc) then a Part Payment of the PO is required.
- If the requisition has an authorised signature, the authorised signature must co-sign the "Received in Good Order and Condition" ONLY if the quantity or value has exceeded the original order

- Once signed by the requisitioning officer that goods and or services are received in Good Order and Condition, the Purchase Order with the Tax Invoice attached is sent back to the Creditors Officer to be processed for payment

7. PROCEDURE TO COMPLETE A REQUISITION FORM

Procedure to Complete a Requisition Form	
Step 1 – Date	Complete the date as the date the goods or services are requested
Step 2 – Creditor Code (Supplier Code)	This is the code identifying the Supplier. This can be found in the Practical Plus Creditors Module if one exists (if unsure, you can leave this blank and the Purchase Order Processing Officer will complete)
Step 3 – Name	Enter the name of the Supplier
Step 4 – Due By (Optional)	Enter the date that the goods and services are due to be supplied to Council
Step 5 – Ship Via (Optional)	Enter the name of the Freight company that is to ship the goods
Step 6 – A/C # (Optional)	Enter the Account Number for the Freight Company (if unsure, you can leave blank and the Purchase Order Processing Officer will complete, given that they have the details)
Step 7 – Deliver To (Optional)	Enter the address the goods are to be delivered to (Example: Workshop or Depot)
Step 8 – Special Instructions	Enter any Special Instructions that you may want the supplier to be aware of (Example: Please deliver goods to John Smith at the Works Depot)
Step 9 – Job Cost Number	This is the number that the cost of the goods or services will be costed to. This number can be found in the Practical Plus Job Costing Module. If unsure of the number please see either your supervisor or the Corporate Services Team Leader (NOTE: this number is very important and should not be guessed)
Step 10 – Quantity	The amount of goods to be ordered
Step 11 – Description	A description of the goods or services
Step 12 – Cost	Enter the cost of the goods or services including GST. If unsure of what the cost will be, estimate the cost and enter in Special Instructions that the Supplier is to notify Council should that estimate be exceeded.
Step 13 – Describe why goods or services are being purchased	Briefly describe why you are purchasing the goods or services for Council. (Example: Toner for the Admin Photocopier)
Step 14 – General Procurement Practice Price Range	Tick the box that the price ranges in. Ensure you have the adequate quotes required. (Example: if you are purchasing a computer worth \$600, you would tick 01c - \$5,000 = and would need 1 Quote). It will show on the req how many quotes you need beside the General Procurement Practice Price Range.
Step 15 – Does this requisition comply with the Procurement Policy	Circle YES or NO. If you circle YES, but the purchase appears to not comply, you must give details (Example: The purchase is for \$100,000 and requires 3 quotes.

	<p>You have only 1 quote attached, but you used a supplier through the LGAQ Local Buy Contracts, so you will need to state that contract number).</p> <p>IMPORTANT – you must state the Local Buy Contract number for the suppliers reference too, as they need to be aware that you procured them through Local Buy.</p> <p>OR you have no quotes attached, but it is for a Council Tender. You will need to state that Tender Reference Number and a copy of the minutes where the tender was approved by Council.</p> <p>If your purchase does comply with the Policy, you may still be required to give details.</p> <p>If you circle NO, your Requisition will not be completed</p>
Step 16 – Requisitioning Officer	<p>This is the Council Officer that is ordering and will receive the goods and/or services.</p> <p>IMPORTANT: The only person to sign as the Requisitioning Officer is the person who is ordering and receiving the goods and/or the services.</p> <p>Note: If the person ordering/receiving the goods and/or services is related to or a spouse of the supplier you cannot be the requisitioning officer. You must find another Council Officer to become the requisitioning officer.</p>
Step 17 – Authorised Supervisor	<p>This section is only to be signed if the Requisition Officer exceeds their Financial Delegation. The Authorised Supervisor must have the required Financial Delegation to authorise that purchase. If the purchase exceeds the Supervisors delegation, a third signature is required.</p>
Step 18 – Order #	To be completed by the Purchase Order Processing Officer
Step 19 – Issued & Signed By	To be completed by the Purchase Order Processing Officer
Step 20 – Job Title	To be completed by the Purchase Order Processing Officer
NOTE (for Purchase Order Processing Officers)	<p>If you are a “Purchase Order Processing Officer”, and you complete a requisition for goods or services, you must submit the Requisition Form to another “Purchase Order Processing Officer”. This is a risk and policy compliance measure that two Council Officers are to overlook the purchase.</p>

8. CREDITOR DETAIL FORM

This form must be completed and issued to the Council’s Creditor Officer for input before a Requisition Form can be completed and a purchase order issued to the supplier.

If the supplier has provided all details on any of their documentation (quotes, invoice etc), this can be sent to the Purchase Order Processing Officer (PO Processing Officer) to set up the creditor.

9. PROCESSING A REQUISITION

Once the Council Officer has completed their requisition form, this form is then issued to a PO Processing Officer.

The PO Processing Officer will assess the requisition form for compliance with the Procurement Policy. Once the PO Processing Officer is satisfied that the requisition form complies, the requisition can then be processed into the Practical Plus Order Processing Module to produce an Official Purchase Order.

NOTE: if the requisition form does not comply with the Procurement Policy, the PO Processing Officer will decline the processing of the requisition form.

10. THE OFFICIAL PURCHASE ORDER

The Official Purchase Order is a financial record that is produced from the Practical Plus Order Processing Module, from the information supplied by the requisitioning officer on the requisition form.

The Official Purchase Order is the record you send to the supplier which then forms the financial contract between Council and the Supplier.

IMPORTANT: A Council Officer will never send the requisition form to the supplier. The requisition form is a Council internal financial record only.

11. THE OFFICIAL PURCHASE ORDER DUPLICATE COPY

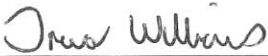
The Official Purchase Order Duplicate Copy is the record that the completed requisition form is attached to. This record is filed at the administration office with the Creditors Officer, until the Tax Invoice is received by Council by the Supplier requesting payment for the goods or services on that purchase order. The Tax Invoice is attached to the Official Purchase Order Duplicate Copy with the requisition form that it relates to.

12. RECEIVING GOODS OR SERVICES

Step 1 – Order/Tax Invoice Matching	The Creditors Officer will receive all tax invoices. The tax invoices are then attached to the Purchase Order Duplicate Copy it relates to.
Step 2 – Distribution of PO Duplicate Copy to the Req Officers	Once the tax Invoice has been attached to the PO Duplicate Copy, this will be issued to the Requisitioning Officer to be assessed.
Step 3 – Req Officer receives PO Duplicate Copy with tax invoice	The Requisitioning Officer will then receive the Purchase Order Duplicate Copy with the requisition and tax invoice attached. The Requisitioning Officer is to assess the tax invoice against the Official Purchase Order that the goods or services ordered, is the goods or services provided to Council and at the ordered value.
Step 4 – Req Officer to assess tax invoice to PO	If the tax invoice does not match the order by the following: Error – Contact the Supplier to amend their tax invoice

	<p><u>Quantity</u> – If total quantity has not been received, you must notify the Creditors Officer to advise that there is only a part payment on this order,</p> <p><u>Exceeded Estimate/Quantity</u> –</p> <p>If the tax invoice has a greater value or quantity than originally ordered, the Creditors Officer will stamp the invoice and the invoice is to be signed “Received” instead of the PO. If the exceeded quantity or value is considered non compliant to the original PO, the invoice is to be checked and authorised/co-signed by your supervisor (generally if the value is exceeded by \$1,000 or any additional items/quantities). NOTE: the PO is not to be amended unless authorised by finance and the CEO.</p> <p><u>Part Payment</u></p> <p>If the invoice is a part payment of the attached PO. Write the date, amount and invoice number at the bottom of the PO then copy the PO. Attach the invoice to the copied PO and send it off to get signed. Put the original PO in the part payment tray</p>
<p>Step 5 – Signing “Received in Good Order & Condition”</p>	<p>Once assessment of PO and invoice are made and the goods or services have been received, the Requisitioning Officer can sign the Purchase Order Duplicate Copy “Received in Good Order and Condition” (and this is where the Authorising Officer signs if required)</p>
<p>Step 6 – Return to Creditors Officer</p>	<p>After signing the Purchase Order Duplicate Copy with attached requisition and tax invoice, please return to the Creditors Officer for payment.</p>

Authorised by the Chief Executive Officer


 Trevor Williams
 CHIEF EXECUTIVE OFFICER

10/01/2025
 DATE